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**BBC REALTY INVESTORS
ANNUAL REPORT 1980**



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Annual General Meeting of Unitholders
will be held in the
Waddington Room, Hotel Vancouver
Vancouver, British Columbia
Wednesday, March 18, 1981
11:00 a.m., Vancouver time



BBC REALTY INVESTORS

(AN UNINCORPORATED TRUST ESTABLISHED UNDER THE LAWS OF BRITISH COLUMBIA)

Financial Highlights

	1980	1979	1978	1977	1976
Gross Income*	\$22,679,654	\$18,696,854	\$15,404,534	\$12,248,770	\$10,612,900
Net Income	5,048,436	4,859,512	4,647,822	3,685,332	3,000,858
Income Distribution (per unit)	1.9240	1.8520	1.80256	1.70098	1.58076
Total Assets	166,333,293	141,394,651	139,874,436	113,274,273	96,836,913
Equity	29,109,144	29,109,144	29,109,144	26,655,420	20,463,636
Outstanding Commitments	34,950,000	42,535,000	25,963,000	28,957,000	18,189,000
No. of Trust Units Issued and Outstanding	2,623,927	2,623,927	2,623,927	2,419,450	1,903,468
No. of Unitholders	5,360	5,559	5,882	5,250	4,279

*Excluding 1978 Sale of Property Option

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BBC Realty Investors President's Report

BBC Realty Investors was well positioned to derive the benefits of the environment of increasing real estate demand which existed during 1980. Throughout the year, Western Canada has shown expansion in the commercial, industrial and residential real estate sectors.

New investment opportunities undertaken during the year were divided equally between the provinces of Alberta and British Columbia. Construction financing led the demand for new funds throughout the year. This demand was followed by the preference of owners and developers to finance existing properties on a short term, floating rate basis. The weakest of all categories of financing requests was the demand for fixed rate, longer term funds. This resulted from the rapid and extreme fluctuation of interest rates which created much uncertainty on the part of both borrowers and lenders.

Operating results for the year show total assets increasing to \$166,333,293 from \$141,394,651. Net earnings also increased to \$5,048,436 from \$4,859,512. These earnings provided for an income distribution of \$1.92 per trust unit during 1980. This compares to a distribution of \$1.85 per trust unit during the previous year.

During 1980, the Trust continued the policy of developing a diversified portfolio and replacing maturing investments with new quality loans. In achieving these objectives and in keeping with current conditions, the percentage of floating rate loans increased and now represents approximately 48% of the total portfolio. This change, while increasing profitability, tended to shorten the average maturity of the portfolio.

The Trust has continued to seek investment opportunities where additional benefits in the form of bonus interest or participation can be obtained. Success has been achieved in these endeavours. During the third quarter of 1980, the Trust received an additional bonus interest payment of approximately \$500,000. The bonus interest was received on the repayment of a mortgage in which the Trust held a participation right. A portion of the proceeds was utilized to increase the third quarter income distribution to Unitholders. In keeping with prudent management, the Trustees also elected to increase the general provision for losses by an additional \$400,000. This increase was accomplished without imposing a burden on normal

income distributions. Due to the consistent generation of bonus interest and participation items, it is expected that the depth and potential of the Trust will be more clearly recognized in creditworthiness and value in the marketplace.

The Trust currently holds potential opportunities which may provide additional benefits to Unitholders. Continued attention will be given to expanding participation opportunities for the Trust, while maintaining the stringent analysis and controls presently required for all new and existing investments.

The current investment portfolio remains of high quality. To date the Trust has experienced no investment loss and at present none is anticipated.

As we turn our attention to the coming year, the Trust will concentrate on replacing maturing investments and expanding the asset base. While some decrease in the record pace of development in Alberta is anticipated, Alberta and British Columbia are both expected to show growth above the national average. High interest rates are expected to prevail, which may result in a lack of demand for longer term fixed rate funds. This lack of demand, however, is expected to provide new opportunities for investments in existing quality properties on a short term floating rate basis.

Our Western Canadian emphasis together with a continued strong and innovative performance by our field personnel should provide the ingredients to place your Trust in an excellent position to meet the challenge of 1981.

Our special thanks to the Trustees and Officers of the Trust, who continue to provide the expertise, knowledge and time so vitally required to maintain a leading performance in the industry.

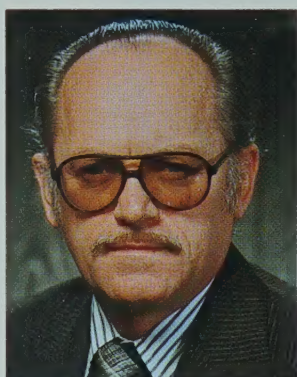
A handwritten signature in dark ink, appearing to read 'T. W. Pilley', with a stylized flourish at the end.

T. W. Pilley, President

BBC Realty Investors The Board of Trustees



T. W. Pilley* — President



A. J. Block*



D. M. Clark, Q.C.



N. N. Green



L. Kahn*†



A. D. Laird†



R. H. Lee*



D. E. McGeachan*



R. J. Mair*† — Secretary



A. J. Narod



J. L. Schlosser



K. T. Stevenson*



D. C. Wollstein*

*Member: Investment Committee

†Member: Audit Committee

The Trustees

The responsibility for the Trust and the conduct of its affairs, including acquisition and disposition of Trust assets, is vested in the Trustees. The Trustees have designated an Investment Committee from among their number with authority to decide on all investments not exceeding five percent of the equity capital of the Trust. As required by the Declaration of Trust, a majority of the Trustees and the members of the Investment Committee are independent of the Bank of British Columbia, the Advisor to the Trust and its affiliates. Of the present 13 Trustees, seven are not directors, officers or employees of the Advisor. The Declaration of Trust also requires that at least 50 percent of the Trustees voting on any investment decision must be independent of the Advisor and its affiliates.

The intention of the Trustees is to continue to develop a portfolio with a good mixture of real estate investments. Presently, the portfolio is made up of approximately sixty percent first mortgage loans on residential, commercial and industrial properties, and forty percent in construction, land and development and junior mortgage investments. In some cases investments carry participation or option agreements. It is also the Trustees intention to continue to qualify the Trust for the maximum leverage allowed of five times equity invested by maintaining the necessary balance of qualified first mortgages.

The Officers

President	T.W. Pilley
Vice-President	T.C. Brennen
Vice-President	K.G. Isard
Vice-President	R.J. McCracken
Assistant Vice-President	S.J. Bayly
Assistant Vice-President	B. Caple
Assistant Vice-President	A.E. Miles-Pickup
Assistant Vice-President	R.E. Wigmore
Secretary	R.J. Mair
Controller	K.D. Browning
Portfolio Administrator	S.E. Morgan

BBC Realty Investors

“The Trust”

The Trust, an unincorporated trust established under the laws of the Province of British Columbia by a Declaration of Trust, began operations on January 2, 1973. The beneficial interests under the Declaration of Trust are divided into transferable units. The Trust units are transferable by endorsement and delivery in substantially the same manner as shares of Canadian companies and are traded on the Canadian stock exchanges.

The Trust was formed to provide investors with an opportunity to participate in income and gains through professional management of a diversified portfolio of real estate investments, including mortgages and equity investments in income producing properties.

The Trustees, on behalf of the Trust, have entered into a contract with the Bank of British Columbia, the Advisor to the Trust, under which the Advisor investigates, evaluates and recommends investment and financing opportunities to the Trustees and administers the Trust's affairs on a continuing basis. The Advisor has created a special department with a permanent staff to administer the day-to-day functions of the Trust.

In addition, the Advisor provides investment opportunities from its 47 branches throughout British Columbia and Alberta. The Advisor is compensated for its services, and is responsible for all expenses of the operation of the Trust other than those prescribed by regulatory bodies such as interest expense, financing costs and the like, for which the Trust is responsible. As compensation for the services rendered to the Trust, an advisory fee is paid to the Advisor at the monthly rate of 1/8 of 1 percent of the invested assets of the Trust, with a maximum of 25 percent of net income before the advisory fee.

One of the fundamental policies of the Trust is to distribute substantially all the annual net income earned on a quarterly basis. Should there be a net realized capital gain, it may be reinvested, if suitable investment opportunities are available, or it may be distributed to Unitholders, at the discretion of the Trustees.

The Trust qualifies as a “unit trust” and also qualifies under Section 132(6) of the Income Tax Act (Canada) and so long as it so qualifies it is not taxed on any income that is distributed to Unitholders.



Portfolio Composition

Portfolio Composition



Principal Types of Investments

BBC Realty Investors was formed in response to what was seen as a serious need for better financial support for real estate developers and investors in Western Canada. Our western base gives us a proximity to the western real estate market enabling us to be familiar with its intricacies. Our people are available on a one-to-one basis. Assessments and decisions are made quickly.

Professional, full-time personnel situated in Vancouver, Edmonton and Calgary ensure the quality of service to which our clientele have come to expect of BBC Realty Investors.

The structure of the Trust allows BBC Realty Investors the ability to perform a full range of financial services through its Advisor. From the ground with land holding and development loans up through construction to long term financing, purchase leasebacks, equity investments and one-of-a-kind arrangements, can all be accommodated.

At the moment, our investment portfolio capacity is divided into eight major categories. Depending on the economic pattern, the weighting and terms of loans within each category will adjust to changes in local conditions and respond to these conditions in a positive manner.

Residential

Loans on single family residential dwellings and apartment buildings account for a notable portion of our investment portfolio. Normally, loans are for a five-year term with an amortization of up to 25 years. Unless insured, such loans are not likely to exceed a loan-to-value ratio of 75 percent.

Commercial and Industrial

Commercial and industrial loans include mortgages on office buildings, shopping centres, and industrial properties. The loan-to-value ratio does not normally exceed 75 percent of the market value of the security, unless insured, and the income stream is adequate to cover debt servicing. Amortization and terms are normally similar to residential mortgages.

Intermediate term loans are made to provide funds on newly completed or existing projects. These loans have shorter terms, usually without an amortization feature.

Construction Loans

The Trust provides funds required to acquire real estate and to construct and or add to improvements. These funds are placed on a very selective basis and are conservatively underwritten. In most cases, the interest rates float with the cost of funds. Strict underwriting guidelines are enforced to ensure the quality and safety of the investment.

In addition to the expertise of the Trust's Officers and Trustees, independent opinions are often sought regarding project feasibility. Independent appraisals are required in many instances, with onsite inspection work carried out by the Advisors' staff, in addition to which project progress reports must be provided by professional engineers.

Our policy is to ensure that the owner's equity funds are in the project prior to our making advances, with adequate funds retained to complete the project.

Land and Development

Funds are provided for the acquisition of unimproved land and for its development into finished sites. The formula for loans of this type is similar to other interim lending programmes, with the exception that the loan rarely exceeds 60 percent of the market value of the finished project. The size of the loan may be increased when the Trust is to participate in future profits.

In the case of unimproved raw land, the loan ratio is again conservative, and the loan may also be insured.

Other Mortgage Investments

The Trust may invest in junior or wraparound mortgages. Normally the total amount of the loan (i.e. the full indebtedness) would not exceed the amount the property would support in a normal first mortgage situation. More specifically, the Trust would not make a loan of this type unless it was prepared to assume the entire debt.

In all of the various types of mortgage lending, opportunities exist by which the Trust may enhance its yield from additional sources. It is the constant objective of the Trust to seek out such opportunities to the mutual benefit of our borrowers and Unitholders.

Participation Investments

BBC Realty Investors is continually interested in the involvement in participation investments with experienced developers and investors. The Trust is prepared to finance up to 100% of the costs of a project in return for a portion of the ownership or profit. The investment may be structured in a variety of ways and may involve an existing building to be purchased, a new building to be constructed or land to be developed.

BBC Realty Investors bring strong financial and professional experience to any participation venture.

Real Estate Equity Investments

It is an ongoing objective of the Trust to seek equity investments in income-producing properties such as apartment buildings, office buildings, commercial and industrial developments. These investments may be held directly or through shares in companies holding such investments.

In certain cases, the Trust may assume existing indebtedness on properties in which it acquires an equity interest.

Purchase-leasebacks

Purchase-leasebacks are another type of investment considered by the Trust. In these cases, property may be purchased by the Trust which in turn enters into variable term leases, generally with the vendor.

Summary

While we have listed the principal types of investments currently occupying our energies and attention, this does not by any means exhaust the opportunities opening to us on a day-to-day basis.

Our industry is one of constant change, with the need for continual innovation on the part of management. The Trust is alert to the trends of the time and we believe possesses the managerial expertise, diversified skills and flexibility required to respond to change.

An aerial photograph of a cityscape. In the foreground, there is a large, rectangular parking lot with many spaces, some of which are filled with cars. The parking lot is surrounded by trees and some lower-level buildings. In the background, several tall, modern skyscrapers rise above the city, with a hazy sky above them.

Financial Statements

Participation Investments

PRC Realty Investors is continually interested in the involvement in participation investments with experienced developers and investors. The Trust is prepared to finance up to 100% of the costs of a project in return for a portion of the investment. The investment may be structured in a variety of ways and may involve an existing building to be purchased, a new building to be constructed or land to be developed.

PRC Realty Investors brings strong financial and professional experience to any participation investment.

Real Estate Equity Investments

One of the ongoing objectives of the Trust is to seek equity investments in income-producing properties such as apartment buildings, office buildings, commercial and industrial properties. These investments may be held directly or through shares in a real estate investment trust.

Furthermore, the Trust may assume existing indebtedness on properties in order to acquire them.

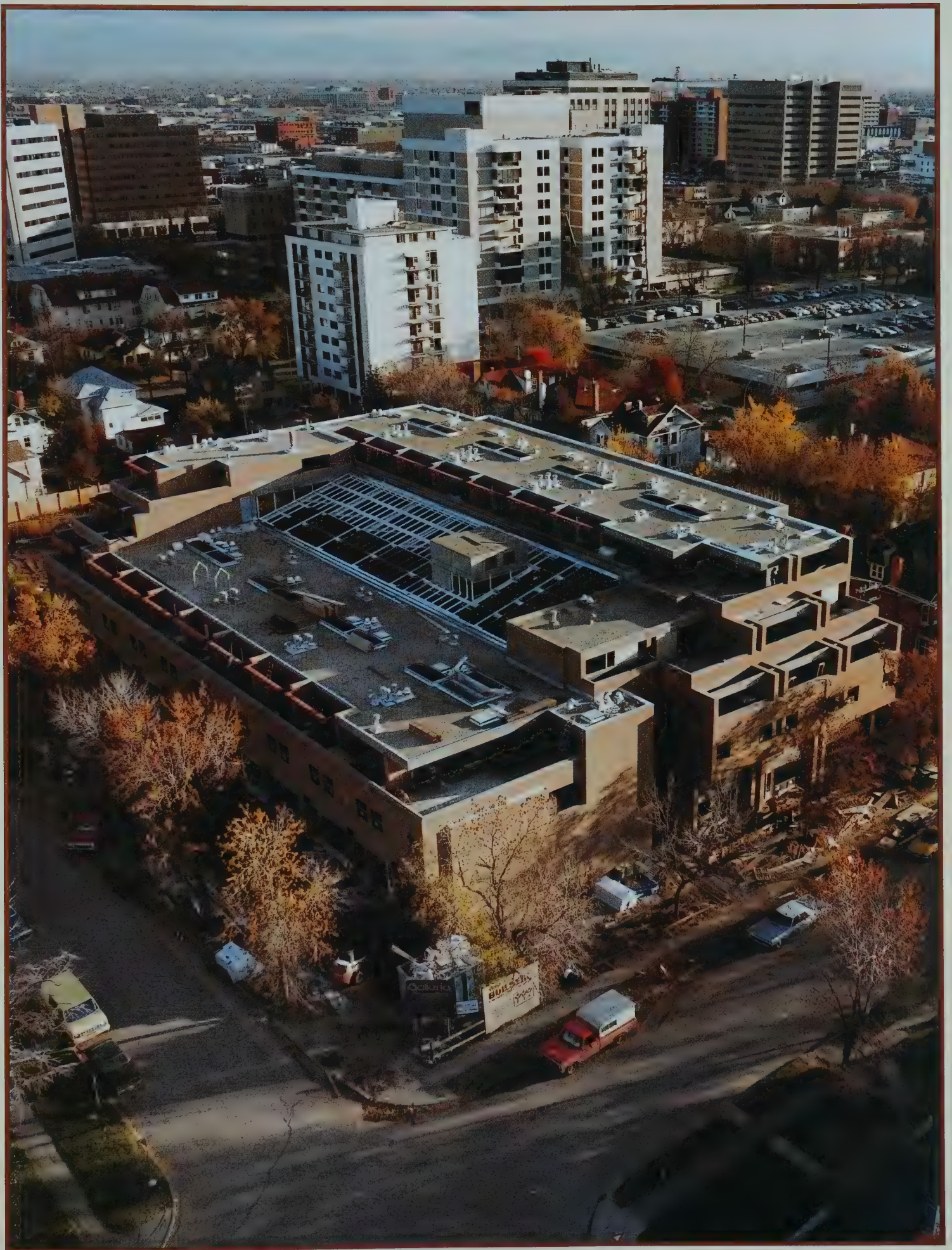
Purchase-leasebacks

Another type of investment considered by the Trust. In this type of investment, a building is purchased by the Trust which in turn enters into a leaseback agreement with the vendor.

Summary

While the above are the principal types of investments currently occupying the Trust's portfolio, this does not by any means exhaust the opportunities available to the Trust.

Our industry is one of constant change, with the need for continual innovation and the need for the best people of the time and we have the experience and skills and flexibility required to respond to change.



BBC Realty Investors Balance Sheet

As at December 31, 1980

ASSETS

	1980 \$	1979 \$
Cash	1,852,660	1,461,553
Investments (note 3)	163,602,577	138,841,342
Investment in and advances to affiliated companies (note 4)	421,680	441,756
Other assets	456,376	650,000
	<u>166,333,293</u>	<u>141,394,651</u>

LIABILITIES

Bank loans (note 10)	1,500,000	100,000
Accounts payable and accrued liabilities	157,659	94,093
Accrued interest payable	3,635,647	3,569,434
Income distribution payable (note 8)	1,506,134	1,369,689
Refundable commitment fees	184,347	193,406
Short-term loans (note 2)	52,110,362	31,883,885
Medium-term loans (notes 2 and 5)	68,430,000	65,375,000
Note payable (notes 2 and 6)	9,700,000	9,700,000
	<u>137,224,149</u>	<u>112,285,507</u>


UNITHOLDERS' EQUITY

Trust units (note 7)	<u>29,109,144</u>	<u>29,109,144</u>
	<u>166,333,293</u>	<u>141,394,651</u>

APPROVED ON BEHALF OF THE TRUSTEES



T.W. Pilley, Trustee



R.J. Mair, Trustee

Statement of Income and Undistributed Income For the Year Ended December 31, 1980

	1980 \$	1979 \$
Mortgage Income and Fees	<u>22,679,654</u>	<u>18,969,854</u>
Operating Expenses		
Interest (note 2)	15,283,961	12,226,891
Advisory fee (note 1)	1,682,812	1,619,837
Provision for losses	500,000	100,000
Other	<u>164,445</u>	<u>163,614</u>
	<u>17,631,218</u>	<u>14,110,342</u>
Net Income for the Year	5,048,436	4,859,512
Distribution to Unitholders (note 8)	<u>5,048,436</u>	<u>4,859,512</u>
Undistributed Income	<u>Nil</u>	<u>Nil</u>
Income Per Trust Unit (note 8)	<u>1.92</u>	<u>1.85</u>

Statement of Changes in Financial Position For the Year Ended December 31, 1980

	1980 \$	1979 \$
SOURCE OF CASH		
Operations	5,548,436	4,959,512
Bank loans	107,900,000	65,850,000
Loans from BBC-RI Services Ltd.		
— short-term	374,925,845	290,339,668
— medium-term	16,995,000	11,150,000
Medium term note	5,000,000	
Repayment of real estate mortgages	43,117,940	66,694,232
Net change of other assets and liabilities	<u>553,487,221</u>	<u>439,539,450</u>
USE OF CASH		
Investment in real estate mortgages	67,972,405	68,363,962
Repayment of bank loans	106,500,000	65,950,000
Distribution to unitholders (excluding income distribution payable of \$1,506,134; 1979 — \$1,369,689)	4,911,991	4,756,027
Loan repayments to BBC-RI Services Ltd.		
— short-term	354,699,368	295,330,712
— medium-term	18,940,000	5,050,000
Net change of other assets and liabilities	<u>72,350</u>	<u></u>
	<u>553,096,114</u>	<u>439,450,701</u>
INCREASE IN CASH FOR THE YEAR	391,107	88,749
CASH — BEGINNING OF YEAR	<u>1,461,553</u>	<u>1,372,804</u>
CASH — END OF YEAR	<u>1,852,660</u>	<u>1,461,553</u>

BBC Realty Investors

Notes to Financial Statements

For the Year Ended December 31, 1980

1. SIGNIFICANT ACCOUNTING POLICIES

The Trust

The Trust is an unincorporated investment trust established pursuant to a Declaration of Trust made in Vancouver, British Columbia and dated November 7, 1972, amended March 5, 1974 and March 21, 1979. The Trust conducts its affairs in a manner whereby it qualifies as a "unit trust" under the Income Tax Act (Canada).

The Advisor

The Advisor provides investment opportunities, serves as financial consultant and administers the day-to-day affairs of the Trust. For these services the Trust pays a monthly fee not in excess of 1/8 of 1% of invested assets, subject to an annual maximum of 25% of the net income of the Trust before deduction of the advisory fee.

Provision for Losses

The Trust makes specific provision for any losses anticipated on its loan portfolio by evaluating individual loans. To date no provision for specific losses on loans has been required. The Trust also makes a general provision for possible loan losses.

Income per Trust Unit

Income per Trust unit is based on the number of Trust units outstanding on the quarterly record date of distribution.

2. FINANCING AGREEMENT AND RELATED PARTY TRANSACTIONS

The Bank of British Columbia and the Trust are 50% shareholders in BBC-RI Services Ltd. (BBC-RI).

At the request of the Trust and under the terms of an agreement dated January 2, 1973, BBC-RI borrows money and lends the net proceeds of such borrowings to the Trust at substantially similar terms and conditions, except for interest. The Trust guarantees all such borrowings and standby lines of credit (note 9) and BBC-RI has agreed not to incur any indebtedness for money so borrowed except with the consent of the Trust.

The Trust pays interest at a rate or rates sufficient to reimburse BBC-RI for interest paid or payable on all its borrowings for all its expenses plus an amount based on the level of indebtedness between the Trust and BBC-RI.

	1980	1979
Transactions with BBC-RI:	\$	\$
Loans outstanding — Short-term	52,110,362	31,883,885
— Medium-term	63,430,000	65,375,000
— Note payable	9,700,000	9,700,000
Interest paid during the year	14,788,112	12,119,966

3. INVESTMENTS

	1980	1979
	\$	\$
Real estate mortgages		
Construction, development and land loans	55,924,456	32,876,443
Other mortgage loans	106,522,282	105,769,793
	<u>162,446,738</u>	<u>138,646,236</u>
Accrued interest	2,051,876	1,645,106
Land held for resale	<u>1,053,963</u>	
	<u>3,105,839</u>	<u>1,645,106</u>
	<u>165,552,577</u>	<u>140,291,342</u>
Allowance for losses	1,950,000	1,450,000
	<u>163,602,577</u>	<u>138,841,342</u>

The real estate mortgages mature as follows:

	\$
1981	97,301,586
1982	27,343,725
1983	28,277,657
1984	6,207,429
1985 and subsequent	<u>3,316,341</u>
	<u>162,446,738</u>

The Trust has entered into commitments for mortgage loans in the amount of \$34,950,000 which were not drawn down at the year-end.

4. INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES

The investment in and advances to affiliated companies is as follows:

	1980	1979
	\$	\$
Investment in BBC-RI Services Ltd.	6,125	6,125
Investment in BBC Realty Investments Ltd.	6,650	6,650
Advances to BBC-RI Services Ltd.	<u>408,905</u>	<u>428,981</u>
	<u>421,680</u>	<u>441,756</u>

The Trust owns 50% of the outstanding shares of BBC-RI Services Ltd. The investment in BBC-RI Services Ltd. is carried at cost, which approximates equity.

The Trust owns 50% of the shares of BBC Realty Investments Ltd. The results and operations of this company are not significant and, accordingly, the investment is carried at cost.

5. MEDIUM-TERM LOANS

Medium-term loans mature as follows:

	Fixed rate \$	Floating rate \$	Total \$
1981	11,416,000	5,000,000	16,416,000
1982	7,325,000	10,500,000	17,825,000
1983	20,489,000	11,000,000	31,489,000
1984	1,500,000	1,200,000	2,700,000
	<u>40,730,000</u>	<u>27,700,000</u>	<u>68,430,000</u>

Represented by \$63,430,000 with BBC-RI Services Ltd. (note 2) and \$5,000,000 with others.

6. NOTE PAYABLE

	1980 \$	1979 \$
Due July 31, 1981 bearing interest at 11.49%	<u>9,700,000</u>	<u>9,700,000</u>

7. TRUST UNITS

The number of Trust units authorized is unlimited and the amount issued and outstanding is as follows:

	Units	\$
Issued and outstanding as at December 31, 1980 and 1979	<u>2,623,927</u>	<u>29,109,144</u>

8. INCOME DISTRIBUTION

The Trust has declared distributions quarterly throughout the year such that all net income has been paid or is payable to unitholders.

Date of record	Distribution		Trust units outstanding
	Amount \$	Amount per trust unit outstanding \$	
March 31, 1980	1,154,528	0.440	2,623,927
June 30, 1980	1,180,767	0.450	2,623,927
September 30, 1980	1,207,007	0.460	2,623,927
December 31, 1980	1,506,134	0.574	2,623,927
	<u>5,048,436</u>	<u>1.924</u>	

9. THE TRUST GUARANTEES THE FOLLOWING:

- (a) Series B debenture of BBC-RI Services Ltd., \$9,900,000.
- (b) Medium-term promissory notes issued by BBC-RI Services Ltd., \$63,430,000.
- (c) Short-term promissory notes issued by BBC-RI Services Ltd., \$52,110,362.
- (d) Standby lines of credit for BBC-RI Services Ltd. with Canadian Chartered Banks of \$34,000,000, none of which was utilized at December 31, 1980.

All proceeds of the above have been advanced to the Trust.

10. BANK LOANS

The Trust maintains lines of credit with Canadian Chartered Banks for \$7,500,000 of which \$1,500,000 was utilized at the year-end.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Auditors' Report to the Unitholders

We have examined the balance sheet of BBC Realty Investors as at December 31, 1980 and the statements of income and undistributed income and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Trust as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
January 9, 1981

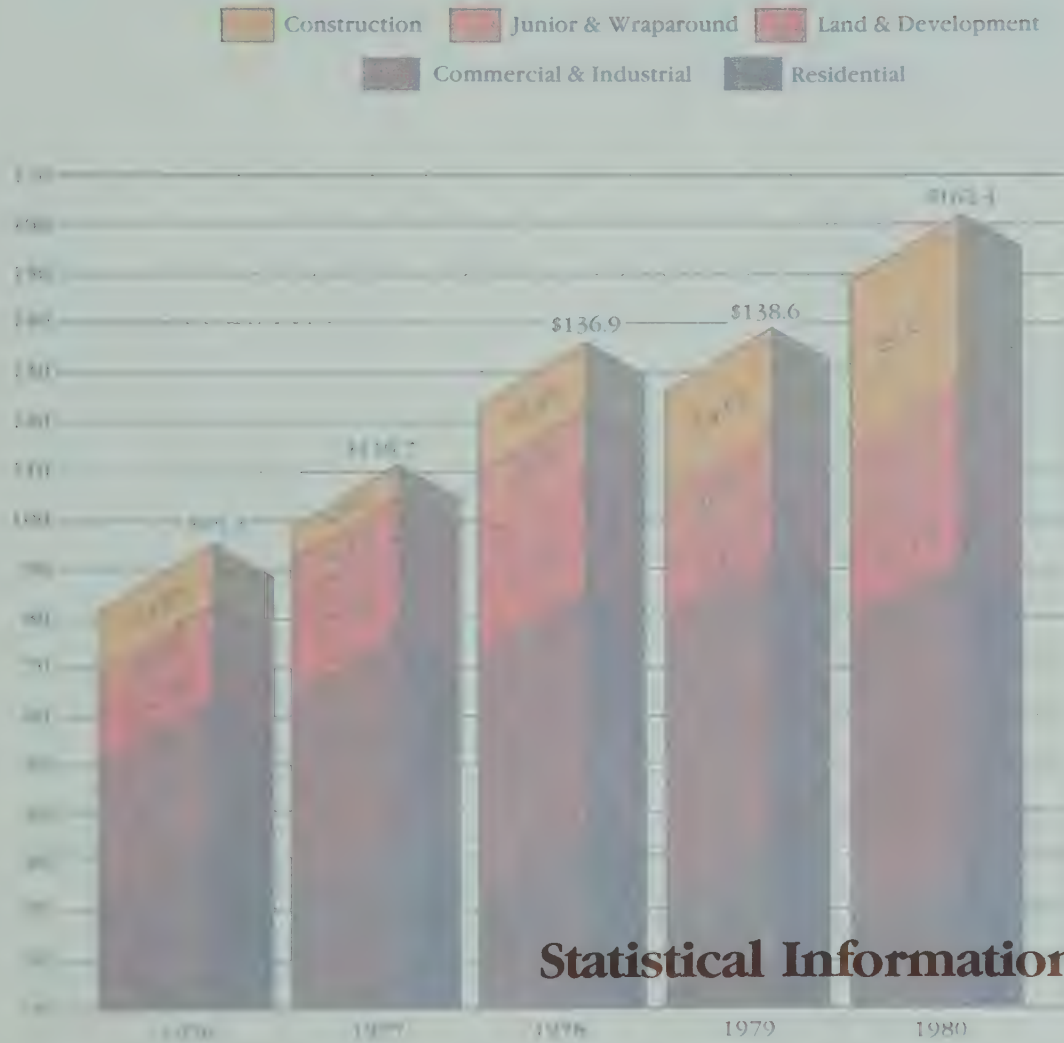
Coopers & Lybrand,
Chartered Accountants



Mortgage Portfolio

Distribution and Relative Growth

(\$ Millions)



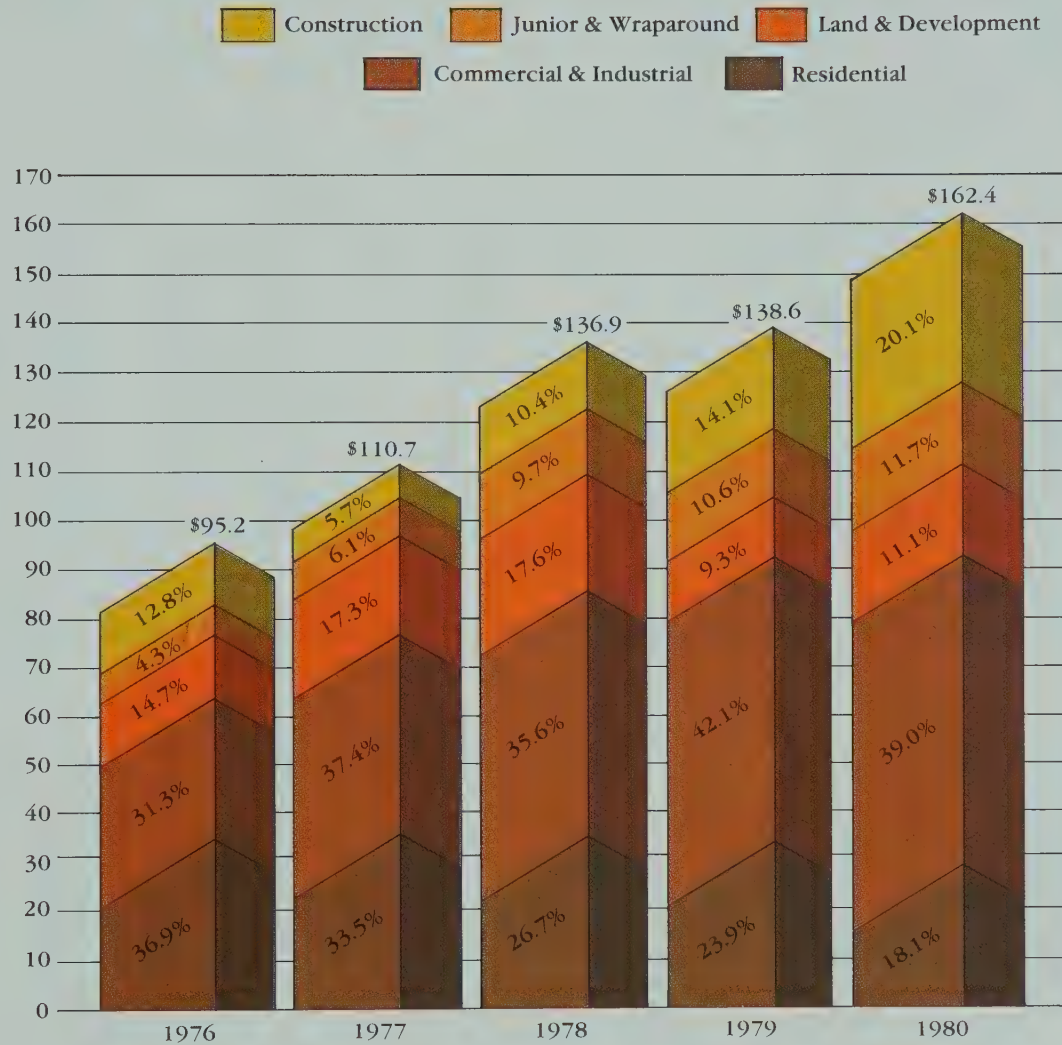
Statistical Information



Statistical Information

Mortgage Portfolio Distribution and Relative Growth

(\$ Millions)



Investments and Commitments

(thousands of dollars)

	1980				1979				1978			
	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
Investments	162,447	165,332	154,950	145,966	138,646	134,891	137,645	136,423	136,977	129,380	125,646	117,326
Outstanding Commitments	34,950	37,279	39,714	35,925	42,535	36,800	33,600	29,400	25,963	21,700	25,000	26,300
	197,397	202,611	194,664	181,891	181,181	171,691	171,245	165,823	162,940	151,080	150,646	143,626

Source of Funds

(thousands of dollars)

	1980				1979				1978			
	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
Bank loans	1,500	4,475	3,825	325	100	—	—	600	200	575	—	650
Short term loans	52,110	51,734	49,440	40,979	31,884	32,015	24,722	35,408	36,875	30,505	20,636	17,144
Medium term loans	68,430	68,610	59,770	64,350	65,375	62,775	62,575	60,775	59,275	58,750	40,750	37,411
Note due August 15, 1978	—	—	—	—	—	—	—	—	—	—	24,338	24,338
Note due July 31, 1981	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Equity	29,109	29,109	29,109	29,109	29,109	29,109	29,109	29,109	29,109	29,109	28,315	27,600
	160,849	163,628	151,844	144,463	136,168	133,599	126,106	135,592	135,159	128,639	123,739	116,843

Earnings and Distributions on Outstanding Trust Units

	1980				1979				1978			
	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
Outstanding Trust Units (in thousands)	2,624	2,624	2,624	2,624	2,624	2,624	2,624	2,624	2,624	2,624	2,558	2,498
Net Earnings (thousands of dollars)*	\$1,488	\$1,208	\$1,187	\$1,166	\$1,343	\$1,185	\$1,184	\$1,147	\$1,234	\$1,211	\$1,131	\$1,072
Distribution (thousands of dollars)	\$1,506	\$1,207	\$1,181	\$1,154	\$1,370	\$1,181	\$1,181	\$1,128	\$1,266	\$1,207	\$1,126	\$1,049
Net Earnings per Trust Unit*	56.7¢	46.1¢	45.2¢	44.4¢	51.2¢	45.2¢	45.1¢	43.7¢	47.0¢	46.2¢	44.2¢	42.9¢
Distribution per Trust Unit	57.4¢	46.0¢	45.0¢	44.0¢	52.2¢	45.0¢	45.0¢	43.0¢	48.26¢	46.0¢	44.0¢	42.0¢
Return on Equity	17.34%				16.69%				16.29%			

*1975 quarterly earnings have been restated to reflect the change in accounting policy regarding the provision for losses.

Market Statistics of Units

Year Ending December 31

	1980		1979		1978	
	High-Low	Price earnings range	High-Low	Price earnings range	High-Low	Price earnings range
Price range of units	16.00		11-5/8		13-1/2	
Price earnings range	8.33:1		6.05:1		7.3:1	

1977			
Dec. 31	Sept. 30	June 30	March 31
110,695	99,010	106,540	101,847
28,957	28,200	18,000	15,900
139,652	127,210	124,540	117,747

1976			
Dec. 31	Sept. 30	June 30	March 31
95,157	91,291	87,442	85,479
18,189	15,800	13,714	10,743
113,346	107,091	101,156	96,222

1977			
Dec. 31	Sept. 30	June 30	March 31
950	—	900	475
23,877	16,060	26,308	25,448
24,361	25,361	21,526	20,016
24,338	24,338	24,338	24,338
9,700	9,700	9,700	9,700
26,655	24,483	22,197	21,075
109,881	99,942	104,969	101,052

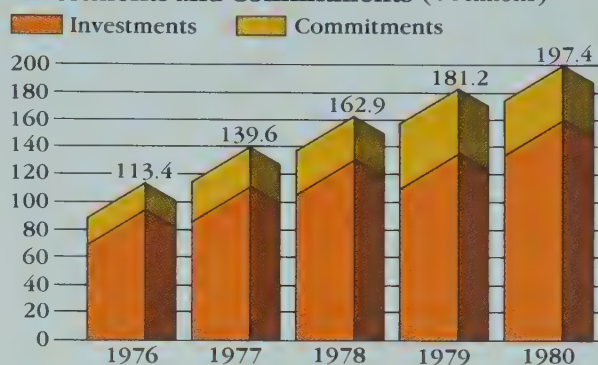
1976			
Dec. 31	Sept. 30	June 30	March 31
3,375	200	900	2,950
23,932	20,980	25,156	24,887
12,091	14,966	15,905	12,705
24,338	24,338	24,338	24,338
9,700	9,700	—	—
20,463	20,395	20,381	20,364
93,899	90,579	86,680	85,244

1977			
Dec. 31	Sept. 30	June 30	March 31
2,419	2,238	2,048	1,954
\$930	\$1,007	\$918	\$830
\$1,018	\$985	\$881	\$801
37.9¢	44.9¢	44.8¢	42.5¢
42.09¢	44.0¢	43.0¢	41.0¢
15.61%			

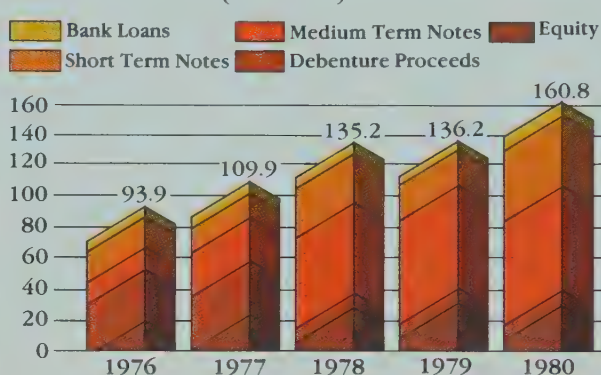
1976			
Dec. 31	Sept. 30	June 30	March 31
1,903	1,898	1,897	1,895
\$779	\$750	\$746	\$726
\$801	\$740	\$740	\$720
40.9¢	39.5¢	39.3¢	38.3¢
42.07¢	39.0¢	39.0¢	38.0¢
14.66%			

1977		1976	
\$16	\$14-1/8	\$15-1/4	\$12-1/2
0.4:1	8.3:1	9.7:1	7.9:1

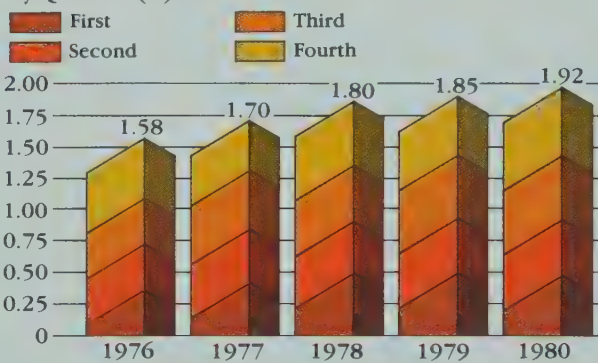
Investments and Commitments (\$ Millions)



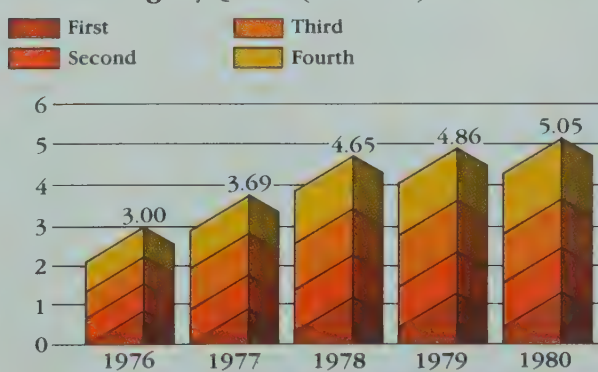
Source of Funds (\$ Millions)



Distribution Per Trust Unit Outstanding By Quarters (\$)



Net Earnings By Quarter (\$ Millions)



Mortgage Portfolio Composition

As at December 31, 1980

		<u>Total</u>	<u>Weighted Average Yield</u>
First Mortgages on Completed			
Real Estate			
Residential	\$29,463,790		
Commercial and			
Industrial	63,410,337	\$ 92,874,127	13.74%
First Mortgages on Construction,			
Development and Land Loans			
Residential	\$16,179,122		
Commercial and			
Industrial	16,070,388		
Land and			
Development	17,952,461	\$ 50,201,971	20.59%
Junior Mortgages on Completed			
Real Estate and Construction			
Residential	\$ 2,265,000		
Commercial and			
Industrial	16,702,955		
Construction	402,685	\$ 19,370,640	16.65%
		\$162,446,738	16.20%

The investments mature as follows:
(Thousands of dollars)

1981	\$97,302
1982	\$27,344
1983	\$28,278
1984	\$ 6,207
1985 and subsequent	\$ 3,316

48.22% of the above investments have rates which are subject to changes with the bank prime rate. The bank prime rate was 18.25% at December 31, 1980.

The above rates do not reflect the additional revenues received from fees, bonus, participation and other income.



Operations Review

Mortgage Portfolio Composition

As at December 31, 1980

	Total	Weighted Average Yield
First Mortgages on Completed Real Estate		
Residential	\$29,463,790	
Commercial and Industrial	63,410,337	\$ 92,874,127 13.74%
First Mortgages on Construction, Development and Land Loans		
Residential	\$16,179,122	
Commercial and Industrial	16,070,388	
Land and Development	17,952,461	\$ 50,201,971 20.59%
Junior Mortgages on Completed Real Estate and Construction		
Residential	\$ 2,265,000	
Commercial and Industrial	16,702,955	
Construction	402,685	\$ 19,370,640 16.65%
	\$162,446,738	16.20%

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Operations Review

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Operations Review

Assets

Year end assets of \$166.3 million increased by \$24.9 million or 17.6% over the year 1979. The majority of the increase in assets were in the form of floating rate investments. This growth resulted in a shift in the floating rate investments as a percentage of invested assets from 38% in 1979 to approximately 48% at the end of 1980. This movement, while increasing liquidity of the portfolio, had a positive impact on revenue.

During the year approximately \$100 million of new business was approved by the Board of Trustees. The net increase in investments was the result of funding approximately \$68 million of new investments and receiving approximately \$43 million in funds from maturing investments.

The average amount invested for the year was approximately \$155 million, and when converted to a debt-to-equity measurement, equalled 4.3:1.

The mortgage portfolio distribution table on page 30, provides a breakdown and the weighted average yield of the portfolio as at December 31, 1980. Excluded from the mortgage distribution table is land held for resale of \$1,053,963 (see Note 3 of the financial statements). This land was acquired by the Trustees in exchange for the amount advanced against the security after the borrower encountered cash flow difficulties. The property has been appraised at a value in excess of the loan amount advanced. After considering this information and the future potential for the property, the Trustees concluded that a prompt acquisition of the property would provide the greatest benefit to the Trust.

The assets of the Trust in terms of mix, profitability, and quality continue to be enviable in the marketplace. The structure of the Trust provides the ability to quickly adjust and obtain maximum benefits in the everchanging real estate environment.

Revenue Comparisons

	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Interest Income	\$21,483,126	\$17,917,737	\$14,597,165	\$11,487,774	\$10,058,340
Fees	592,240	881,042	473,030	552,217	439,858
Bonus Interest, Participation & Other Income	604,288	171,075	334,339	208,779	114,702
Sale of Property Option	—	—	1,001,500	—	—
	<u>\$22,679,654</u>	<u>\$18,969,854</u>	<u>\$16,406,034</u>	<u>\$12,248,770</u>	<u>\$10,612,900</u>

Revenue

Operating revenue for 1980 of mortgage interest, fees, bonus interest, participation, and other income increased by \$3,709,800 over 1979, to a total of \$22,679,654. The 20% increase mainly reflects earnings on a higher average asset base and the higher level of interest rates that generally prevailed during the year.

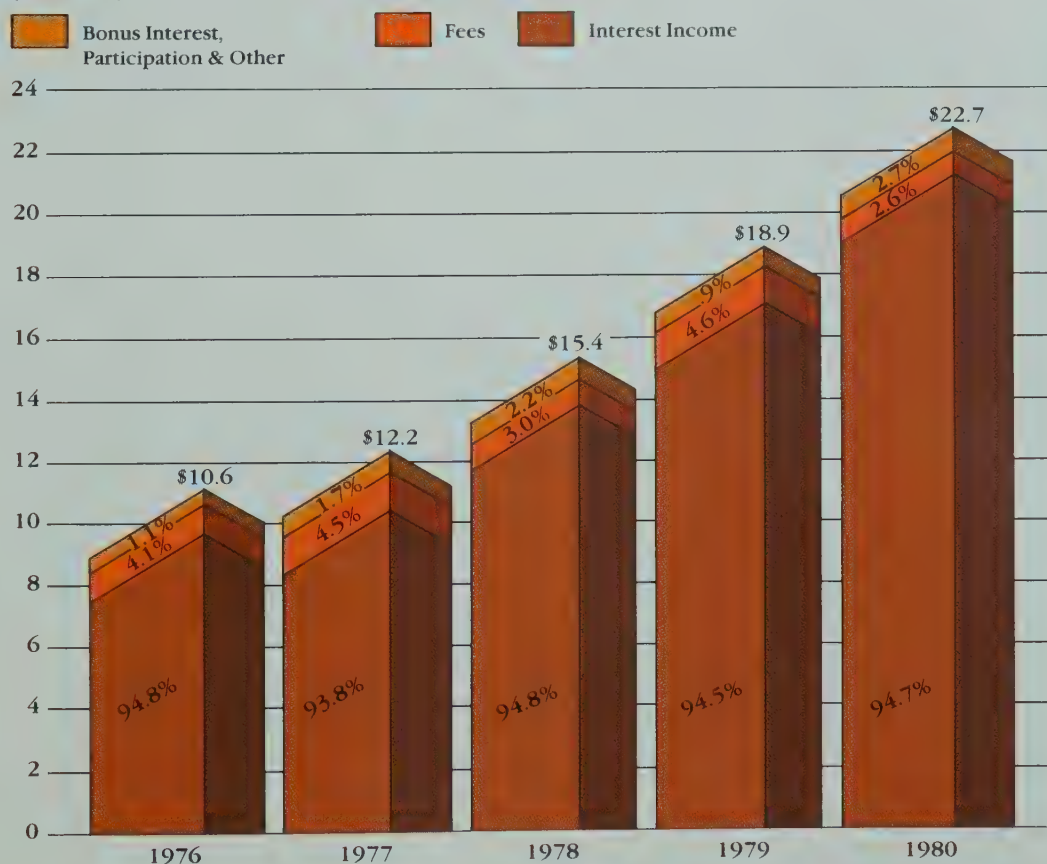
Included in the revenue total was a bonus interest item of approximately \$500,000. This additional income resulted from the repayment of a mortgage under which the Trust held a participation right.

Interest income alone on invested assets during the year represented an average yield of 13.85%. When complemented by additional fees, bonus interest, participation, and other income, the average yield on invested assets rose to 14.62%. This significant increase in the average yield indicates the value of the additional income that has been consistently generated over the years.

Additional income reflects many factors such as: activity in the marketplace; the level of interest rates; the needs of the borrower; and the ability of the Trust to structure investments in a manner which is mutually beneficial to the client and the Trust. Your Trust has the philosophy, reputation and ability to provide the traditional, current and new innovative programs which provide the additional revenue. While additional revenue cannot be totally assured, it is expected to continue to supplement normal interest income.

Operating Revenue (excluding 1978 sale of property option)

(\$ million)



Financing

A prime interest rate peak of 17½% in April, a low of 12¼% in July, and an all time high of 18¼% in December made 1980 a challenging year in which to finance the investment opportunities approved by the Board of Trustees. The increased preference of borrowers to obtain floating rate mortgages of shorter terms made it necessary to match these loans with shorter term, floating rate financing. The Trust continues its policy of endeavouring to match the general type and term of its financing to that of its investments. To the extent possible, fixed rate financing in addition to the equity capital base, was used to fund fixed rate investments. Floating rate financing in the form of short-term notes, bank loans and floating rate medium-term notes funded investments related to the prime rate.

Bank loans were more actively utilized where short-term borrowing rates approached or exceeded bank prime rates. Overall, the major source of increased financing came from a net increase of approximately \$20 million in the short-term loans provided by BBC-RI Services Ltd.

Medium-term notes, with both fixed and floating interest rates also provided a significant dollar amount of the Trust's financing needs. On a comparative basis, in 1979 \$5 million in new notes were repaid during the year with \$11 million in new notes being issued. This resulted in a net increase of approximately \$6 million. During 1980 the net increase was approximately \$3 million. This increase occurred as the result of the repayment of maturing notes of approximately \$19 million and the issuance of \$22 million in new notes.

BBC-RI Services Ltd., under agreement with the Trust, borrows money required to finance the Trust's portfolio, and lends the net proceeds to the Trust. Funding is achieved by issuing short-term notes with maturities up to 364 days, medium-term notes with maturities of one to ten years, and debentures. BBC Realty Investors and the Advisor each own 50% of BBC-RI Services Ltd.

Earnings and Distributions

Since inception of the Trust, net earnings have continued to increase annually. Operations for 1980 provided net earnings of \$5,048,436. These net earnings represent 22% of gross income and when measured in terms of net return on average invested assets of approximately \$155 million, indicate a 3.25% profit margin. Of more significance however, in an industry limited to relatively low leverage, is that a 17.3% return on unitholders' equity was achieved.

Quarterly net earnings on a per trust unit basis were 44.4¢, 45.2¢, 46.1¢, and 56.7¢ respectively. Distributions for the same period on a per trust unit basis were 44¢, 45¢, 46¢, and 57.4¢ respectively.

While asset growth during the first three quarters was strong and consistent, earnings remained relatively level. The rapid decline and leveling of interest rates during the second and third quarters resulted in a significant reduction of profit margin on floating rate investments funded by short-term financing. This negative impact was the result of the time delay necessary to reduce the cost of short-term financing supporting these investments. Conversely in the fourth quarter, interest rates rose rapidly and a substantial increase in the profit margin resulted. This, again occurred as a result of the time delay experienced in increasing the Trust's cost of short-term financing.

On average and in spite of the severe and rapid interest rate fluctuations, the Trust experienced very respectable profit margins throughout the year.

The graphs and statistical information on pages 28 and 29 provide comparative information of the Trust's earnings and distributions over the past five years.

Advisor

Bank of British Columbia
#1725 - 555 Burrard Street
Vancouver, British Columbia

Unit Registrar and Transfer Agent

National Trust Company, Limited
Vancouver, British Columbia

Stock Symbol

BBT un

Legal Counsel

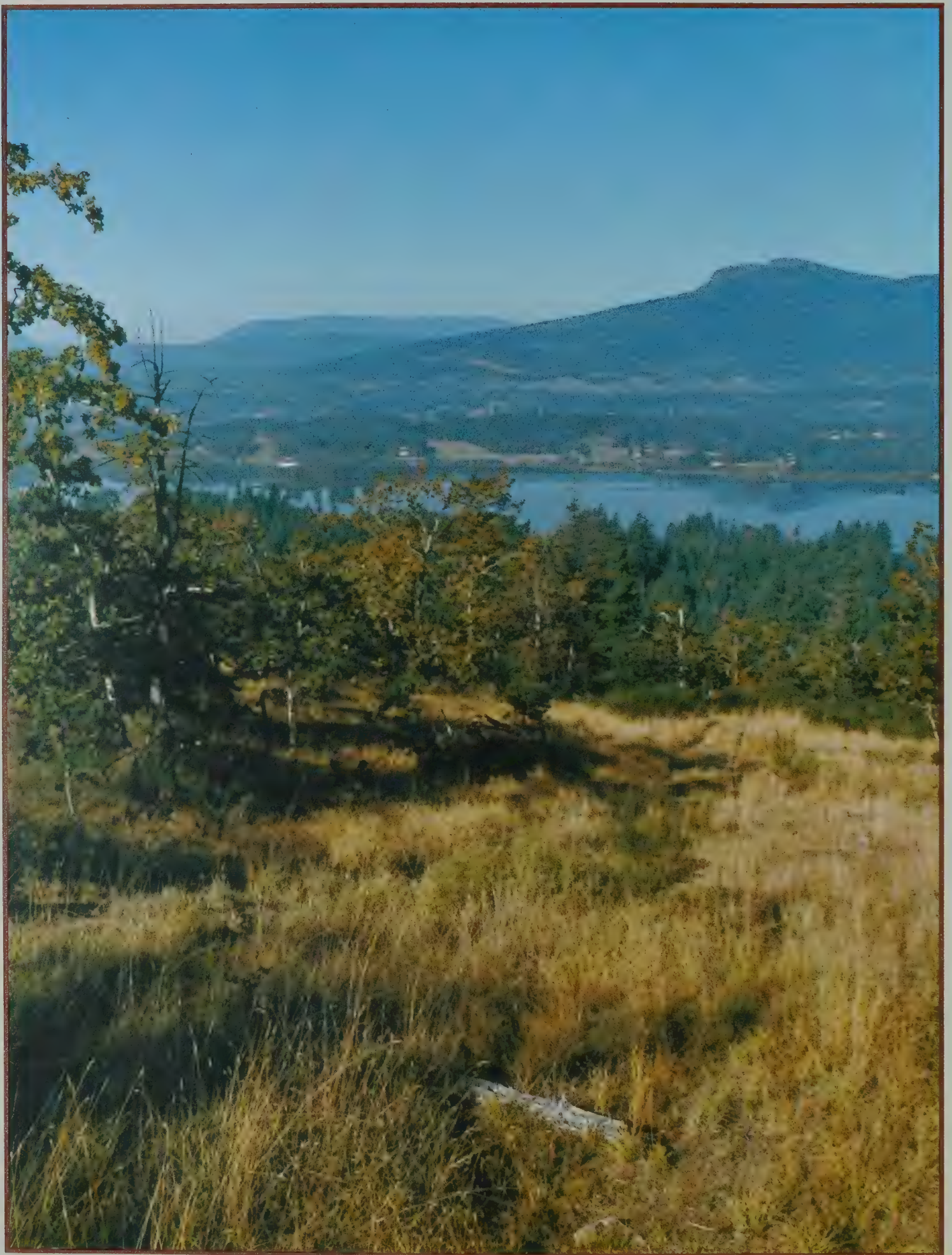
Lawson, Lundell, Lawson & McIntosh
Vancouver, British Columbia

Auditors

Coopers & Lybrand
Vancouver, British Columbia

Securities Listings

Montreal Stock Exchange
Toronto Stock Exchange
Vancouver Stock Exchange





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Photographs included in this Report represent these types of investments:

Cover *Hi-Rise Residential, Edmonton, Alberta*

Page 3 *Single Family Residential, Vancouver, British Columbia*

Page 11 *Multi-Family Residential, Vancouver, British Columbia*

Page 17 *Luxury Condominium, Edmonton, Alberta*

Page 24 *Warehousing, Calgary, Alberta*

Page 33 *Suburban Office-Warehouse, Edmonton, Alberta*

Page 38 *Land Development, Vancouver Island, British Columbia*

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